



U.S. Department of Justice

United States Attorney
Southern District of New York

United States District Courthouse
300 Quarropas Street
White Plains, New York 10601

June 7, 2022

By CM/ECF and Electronic Mail

The Honorable Kenneth M. Karas
United States District Judge
Southern District of New York
300 Quarropas Street
New York, New York 10601

**Re: *United States v. Peretz Klein*,
18 Cr. 614 (KMK)**

Dear Judge Karas:

The Government writes respectfully to respond to certain claims that Peretz Klein made in a last-minute sentencing submission. (Docket Entry 200). While some of Klein’s supplemental sentencing letter consists of the usual updates this Court sees before sentencing—*e.g.*, the Court should be lenient because, ever since the Government disrupted the defendant’s criminal scheme, the defendant’s criminal scheme has remained disrupted (*id.* at 3)—other parts have nothing to do with “updating” the Court; rather, the supplemental sentencing letter attempts to evade responsibility by claiming that the crime to which Klein pleaded guilty was, apparently, a mere technical violation that had no real victims. In particular, Klein argues that his crimes related to “fraudulent acts while providing the e-rate services to the schools in ways that violated e-rate regulations and consequently led to inflated costs, more items being ordered than were truly needed, and significant financial losses to the e-rate program,” but that it “is incorrect” “that Mr. Klein often billed USAC for services he did not provide at all.” (*Id.* at 1–2).

While it is true that, in some cases, Klein ripped off both the E-Rate program and the schools he purported to service by providing inadequate goods or services at inflated prices,¹ in many cases, the FCC could find neither hide nor hair of evidence

¹ By way of example, Shaar Ephraim and Klein company IP Connect Inc. sought and received \$62,812.22 in funding year 2012 for a network server, including a Dell PowerEdge 710 Windows Server, three Dell PowerConnect 6224 24-port Gigabit Ethernet Layer 3 switches, a Dell PowerEdge 1082DS 8-port remote KVM Console Switch, and other components to support the network server infrastructure. During the search of

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of the goods and services for which Klein had charged the E-Rate program so richly. As a few examples:

Bais Yehuda

- For funding year 2012, Bais Yehuda and Klein company IP Connect Inc. sought, among other things, \$106,587 for a “Multi Media Video System,” in particular, a MediaMaster Video On Demand system. The FCC/USAC funded and disbursed 100% of the requested funding. Moreover, for each of funding years 2013 and 2014, Bais Yehuda and Klein company IP Connect Inc. sought, among other things, \$15,988.10 for maintenance of the multi media video system. (This maintenance request was not funded). *The FCC was unable to locate any of the equipment associated with the multi media video system (by any manufacturer).*²

Yeshiva Chofetz Chaim

- For funding year 2011, Yeshiva Chofetz Chaim—a preschool/daycare center—and Klein company Hashomer Alarm Systems, Inc. sought, among other things, \$108,289.74 for a “Media master system.” The FCC/USAC funded and disbursed 100% of the requested funding. Moreover, for each of funding years 2011 through 2014, Yeshiva Chofetz Chaim and Klein company Hashomer Alarm Systems, Inc. sought, among other things, between \$16,606.94 and \$20,386.94 for maintenance of the media master system. *The FCC was unable to locate any of the equipment associated with the media master system.*
- In each of funding years 2012, 2014, and 2015, Yeshiva Chofetz Chaim and Klein company NY NJ Telco Corp. sought, among other things, \$21,546 for “internet access” or “highspeed internet.” The FCC/USAC funded and disbursed 100% of the requested funding in funding years 2012 and 2015, and disbursed approximately 2/3 of the

Shaar Ephraim, the FCC did, in fact, find a server; however, it was an ExacqVision Network Surveillance Server Model IP04-12T-R4A which was used only in connection with a surveillance system.

² A little under \$1,000 of the initial outlay was for a Cat 6 patch panel and 12 Cat 6 runs. While there was a Cat 6 patch panel with three ports connected, because none of the other equipment was present, this did not indicate that the multi media system had been purchased, installed, or maintained.

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requested funding in funding year 2015.³ *The FCC was unable to locate any internet access in any classrooms; indeed, it only located two working computers in the school, which were in the front office.*

- In each of funding years 2012, 2013, 2014, and 2015, Yeshiva Chofetz Chaim and Klein company NY NJ Telco Corp. sought, among other things, respectively, \$13,410, \$13,410, \$12,960, and \$10,063.20 for PRI/ISDN service. The FCC/USAC fully funded and disbursed the requested funding in each of funding years 2012, 2013, and 2014, and disbursed \$5,870.20 in funding year 2015. *The FCC found no PRI/ISDN lines at the school.*
- For funding year 2015, Yeshiva Chofetz Chaim and Klein company Multimedia Broadcasting Corporation sought, among other things, \$40,500 for Lit Fiber Service. The FCC/USAC disbursed \$27,000 of the proposed funding. In prior years, Yeshiva Chofetz Chaim and Klein company Multimedia Broadcasting Corporation sought, among other things, well in excess of \$100,000 for distance education/distance learning, or unlimited video conferencing, which would have used the equipment described above. *The FCC was unable to find any equipment necessary for Lit Fiber Service.*

Ohr Yochanan

- For funding year 2012, Ohr Yochanan and Klein company IP Connect Inc. sought, among other things, \$27,470.70 for local area network (“LAN”) equipment and a server for the school’s new building. The FCC/USAC disbursed all of the proposed funding. Moreover, in each of funding years 2012, 2013, and 2014, Ohr Yochanan and Klein company IP Connect Inc. sought \$4,120.20 for maintenance of that server. *The FCC was unable to find either the LAN equipment or server at the schools’ new building.*

Yeshiva Talpiot

- For funding year 2012, Yeshiva Talpiot and Klein company Wolfson Communication Networking, Inc. sought, among other things, \$18,450 for a new DNS server, as well as 20 Windows Client Access

³ In funding year 2013, Yeshiva Chofetz Chaim sought \$2,268 in funding for internet connections to be provided by Verizon Fios; the following year, Yeshiva Chofetz Chaim sought \$1,080 in funding for internet connections to be provided by Verizon Fios.

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Licenses and 15 Server Client Access Licenses. The FCC/USAC disbursed all of the proposed funding. Moreover, in each of funding years 2012 and 2013, Ohr Yochanan and Klein company Wolfson Communication Networking, Inc. sought, among other things, \$4,760.96 and \$3,176.06, respectively, for maintenance of that DNS server. *The FCC was unable to find the DNS server or its equivalent.*

Bais Chana Malka

- In funding year 2014, Bais Chana Malka and Klein company Ptop Communications sought \$23,625 for a 10-megabyte managed data ethernet installation fee;⁴ that same year, Bais Chana Malka and Klein company Daas Media Broadcasting, Inc. sought \$59,400 for distance learning/video conferencing. The FCC/USAC disbursed all requested funds. The following year, the requests changed slightly: Bais Chana Malka and Klein company Ptop Communications sought \$21,330 for Lit Fiber service, and Bais Chana Malka and Klein company Daas Media Broadcasting, Inc. sought \$59,400 for Lit Fiber service.⁵ The FCC/USAC disbursed \$39,600 in relation to the Daas Media request. *The FCC/USAC found no Lit Fiber service provided to the facility.*

Community Enrichment Center

- In funding year 2012, Community Enrichment Center—a daycare center with 34 students on its attendance list, most of whom did not attend regularly—and Klein company Crystal Clear Communications, Inc. sought \$25,033.50 for a new DNS server and \$18,243.72 for wiring and infrastructure for that server and computer systems. The FCC/USAC disbursed all requested funds for the server and \$17,589.64 for wiring and infrastructure. In each of funding years 2013 and 2014, Community Enrichment Center—albeit with different vendors—sought funding for maintenance of the server and cabling. *Not surprisingly, when the Rockland County District Attorney's Office executed a search warrant on this daycare center in 2015 relating to a separate fraudulent scheme, investigators located a single desktop computer, a single laptop computer, and a single printer in*

⁴ This was arguably in connection with hundreds of thousands of dollars of requests—ultimately unfunded—that year by Bais Chana Malka and Klein company Rockland Security Communications, Inc. for various items.

⁵ Yet another company—Commas Communications Inc. sought another \$47,160 for Lit Fiber service in funding year 2015.

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*an office on the first floor (the second floor was a personal residence),
and saw no indication of a server or a network.*

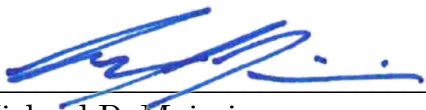
As so many sophisticated frauds do, Klein's frauds had multiple facets. Some of it involved what Klein admits to in his supplemental letter: he found ways to undermine the bidding process, supplied unnecessary, unused, or underused technology, and supplied lesser equipment and services that that for which he billed. But, as the readily apparent examples above show, he also engaged in old-fashioned theft, billing the E-Rate program at least hundreds of thousands of dollars (and likely far more, as much would be difficult to prove) for equipment and services that he simply did not supply at all. Klein did this by targeting schools that shunned technology, did not utilize technology, or, often, did not know what they were supposed to receive, as the details of the E-Rate program were shielded from the schools by Klein and his "consultants" and co-conspirators.

This Court should not permit Klein to define down his crime or evade responsibility, and, absent an acceptance of responsibility for the true scope of his crimes at his sentencing, should take into account Klein's attempt to minimize his responsibility for extraordinarily serious crimes.

Respectfully submitted,

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